

# TAILORED BUSINESS TRAINING FOR ARTISAN ENTREPRENEURS

# CONTENTS

CHAPTER 1: ABOUT RECORD KEEPING About Record Keeping About Artisan Business Coaching How To Use This Manual	6 6 7	CHAPTER 4: REVIEW Activity 1: Can You Help? Answers	38 42
	,	CHAPTER 5: USEFUL BUSINESS WORDS & RECORD KEEPING FORMS	
CHAPTER 2: KEEPING BUSINESS RECORDS		Useful Business Words Record Keeping Forms	48
Activity 1: What is record keeping?	10	Form 1: Basic Record Book	50 51
Activity 2: How can records improve your		Form 2: Customers' Accounts Record	52
artisan business?	13		
Summary	14		
Assessment	15		
CHAPTER 3: A SIMPLE RECORD			
KEEPING SYSTEM			
Activity 1: Which records to keep?	19		
Activity 2: The Basic Record Book	21		
Activity 3: How to fill in the Basic Record Book?	23		
Activity 4: Customers Accounts Record	29		
Activity 5: How to keep your records?	32		
Summary	33		
Assessment	34		





# ABOUT RECORD KEEPING

This manual defines record keeping and explains the reasons why it is so important to small businesses. It helps you to identify records that are important for your business, teaches you how to keep the records, and shows you how to use them to improve your business.

Record Keeping is one of the manuals of the Alliance for Artisan Enterprise's Artisan Business Coaching (ABC) program. It has been adapted from the International Labor Office's Improve your Business (IYB) series. It is useful for artisan entrepreneurs who are running enterprises and who wish to develop their businesses, increase sales and reduce costs. This is a condensed version of the Record Keeping manual intended for shorter workshop sessions.

.....

# **ABOUT ARTISAN BUSINESS COACHING**

The artisan sector is the second-largest employer in the developing world after agriculture, worth over \$32 billion every year. Hundreds of thousands of people across the globe, particularly women, participate in the artisan sector. Still, artisan businesses are seldom recognized as drivers of economic growth. Artisan entrepreneurs lack access to the tools and resources needed to succeed in the global marketplace.

The Alliance for Artisan Enterprise, an initiative of Pathfinders at the Aspen Institute, developed the Artisan Business Coaching (ABC) program to provide tailored business training for artisan entrepreneurs. The program includes relevant information on record keeping, business planning, costing, pricing, product development, marketing and branding specific for artisan businesses. Learn more about the Alliance for Artisan Enterprise, including member network and programs to support and grow artisan businesses, at www.allianceforartisanenterprise.org.

# **COMPLETING** THIS MANUAL:

Explain the benefits of record keeping

Determine which records are important and should be kept

> Keep business records

.....

.....

Use these records to improve your business

# ABOUT RECORD KEEPING

# HOW TO USE THIS MANUAL

### .....

# In this manual you will find:

- Stories of artisan businesses: Compare these examples with your own artisan business and use them to improve the performance and profitability of your own business.
- Activities: Practical exercises in the middle of each chapter that help you to pro-actively think about record keeping concepts and how to apply them to your own artisan business.
- **Summary:** This is provided at the end of each chapter. Use it to review the key points.
- Assessment: This is provided at the end of each chapter. Answering the questions will help you to assess how well you understand the content presented in that chapter.
- "Can You Help?" These are exercises at the end
  of the manual which will give you an opportunity
  to apply your new knowledge and skills in specific
  situations. By doing these exercises, you will find
  out how much you have learned from the whole
  manual.
- Answers: Answers to Assessments and "Can You Help?" exercises are given at the end of the manual. Finish each exercise before you look at the answers.
- Useful Business Words: You can look up the meaning of business words that you do not understand. This part is at the end of the manual.



 Important notes: Each of these notes has important information. Use this information to the best of your ability. You can find these notes in the middle of different parts of the manual.





# KEEPING BUSINESS RECORDS

**Activity 1:** What is record keeping?



# .....

	What was the problem at Margarita's Weaving Workshop?
$\bigcirc$	What should the owner of Margarita's Weaving Workshop have done to prevent this problem?

# .....

You may have recognized that the owner of Margarita's Weaving Workshop has a problem managing her cash. She did not remember that she had made some payments. If she had recorded all the money she received and paid out during the day, she would have known exactly why there was only a little cash left.

**About Record Keeping Keeping Records** A Simple System Review Useful Words & Forms

L	Do you have similar problems in your business? Do you know
(	of any other business that has had similar problems? Were the
ŗ	problems solved? How were they solved?

In most businesses, there are so many transactions that entrepreneurs cannot remember all of them. Written records of business transactions would help entrepreneurs avoid similar problems. This is the reason that businesses need to keep accurate records. Another reason for businesses to keep records is that, in many countries, the law requires it.



Keeping business records is a legal requirement for many businesses!

From the examples above, can you think about what record	
keeping means?	
	·····
	••••••

Record keeping means writing down all the information that is important to your artisan business, such as:

- How much money does your business receive in sales?
- How much money does your business pay out for raw materials, supplies, etc.?
- How much has been sold on credit?
- How much does your business owe others?
- The value of tools and equipment that your business buys
- The money you invest in your business
- Agreements between your business and its suppliers or customers

# **Activity 2:** How can records improve your artisan business?

### 

Neat, accurate records can also help you to find out how your business is doing and to solve problems in your business:

- If your business is doing well, use your records to identify the reason behind it and to find things that you can do to make it even better.
- If your business is not doing well, use your records to identify the problems and then plan how to solve them.

Records are also important for managing relationships with different suppliers, wholesalers, retailers, buyers, and employees that you need in your artisan business. The written agreements you enter into are also part of your business records.

### 

# Some of the benefits of maintaining accurate records:

# 1. Records help you to control your cash.

Your records show how much cash your business should have in hand at any point in time. Use your records to make sure that money does not disappear.

## 2. Records show you how your business is performing.

Your records help you to identify problems before it is too late. Use your records to find out if something is wrong, if costs are too high, if sales are falling, etc.

### 3. Records show others how your business is performing.

You need proper records to apply for a loan, to pay your taxes and for most business activities. Use your records to show that everything is in order and that you are in control of your business.

### 4. Records help you plan for the future.

Records show how well your business did in the past and how well it is doing now. When you know your strengths and weaknesses, you can properly plan for the future.

WHY
SHOULD
I KEEP
RECORDS?

Records help you to control your cash

.....

Records show you how your business is performing

Records show others how your business is performing

Records help you plan for the future

How would you like to use records to improve your artisan ousiness?	
	<u>.</u>
	••••••

In the following parts, we will examine the tools for keeping proper business records and specific details on how to use them.

# KEEPING BUSINESS RECORDS

# **SUMMARY**

### 

Record keeping means writing down all the information that is important to your artisan business.

# For example:

- How much money does your business receive in sales?
- How much money does your business pay out in raw materials, rent, salaries, etc.?
- How much have you sold on credit?
- How much does your business owe?
- The value of raw materials, equipment and tools that you buy
- The money you invest in your workshop, retail store, marketing materials, website, and other parts of your business
- Agreements and contracts between your business and its suppliers or customers

Record keeping is necessary for every business. Neat, accurate records will help you to identify and solve problems.

### Use records to:



Control your cash



Demonstrate to banks, buyers, investors, or others how your business is performing



See how your business is performing



Plan for the future

# KEEPING BUSINESS RECORDS

# ASSESSMENT

## .....

You have just completed Chapter 2 of this manual. Try the exercise below to check your understanding. Finish the exercise before comparing your answers with those on page 42.

Write True or False to the left of each statement below:

- 1. Written records are only important to big businesses. In my business, I always remember all the transactions.
- 2. Business records are important for managing relationships with my suppliers and buyers.
- 3. Keeping business records means recording all the money that comes in or goes out of my business only.
- 4. One of the most important reasons for businesses to keep records is to use them to identify problems with their businesses.
- 5. Record keeping might be a legal requirement for your business.







# A SIMPLE RECORD KEEPING SYSTEM

### 

In this part you will learn how to keep basic records for your artisan business. You will be given record books to make record keeping easy.



# **Activity 1:** Which records to keep?



Depending on their requirements, businesses may keep different records. Below are some examples of the basic types of records that are kept at most artisan businesses:

- Cash transactions: This is a record of the money that your business receives and disburses every day and the total amount of money in your cash box.
- Details of debtors: This record shows how much your customers owe you.
- Sales: This is a record of daily, monthly, and yearly sales.
- **Costs:** This record shows how much money is spent and where your business spends the money. It is useful for calculating the cost of your goods.

Which other records do you think may be important to a small

artisan business?	

Your correct answer could include the following examples:

- Bank transactions: This records the amount that is deposited and withdrawn each day and the total in your business bank account at any time.
- Assets and liabilities: This record is important for managing your business assets and liabilities. It records the
  value of your assets and how long each asset has been used. It also tells the amount your business owes to
  other people or businesses.
- Salary: This record is important for managing labor costs. It is a monthly record of how much you pay your business staff or artisan employees.
- **Inventory:** This record shows you the value of the raw materials and finished goods that have not yet been sold.
- Agreements with buyers or suppliers, including purchase orders: All agreements with buyers or suppliers should be in writing, preferably in the form of a contract. This record is important for managing relationships with different organizations and individuals that provide services or goods. It is a written record of all agreements, including pricing, delivery, and payment terms.
- **Tax:** Registered businesses are subjected to different types of taxes. This is a record of all the taxes that the company is required to pay.

Which records are important for your artisan business?

# **Activity 2:** The Basic Record Book

# .....

The Basic Record Book is a tool that supports your record keeping. You use it to record all the money that came into the business and all the money that went out of the business.

On the next page is an example of a Basic Record Book that is suitable for many small artisan businesses. This book can help you keep records of cash transactions, bank transactions, sales, costs and Value Added Tax (VAT).



# BASIC RECORD BOOK

				 -	 1		 		 	 
	BALANCE									
VAT	OUT									
	Z									
Overhead	Expenses									
l	Costs									
Material	Costs									
	Sales									
	BALANCE									
Bank	OUT									
	Z									
	BALANCE									
Cash	OUT									
	Z									
Voucher	No.									
100	Details									
4	Date									

# **Activity 3:** How to fill in the Basic Record Book?

.....

# Fill in your Basic Record Book at the end of each day

You need proof of every transaction, even for small disbursements such as the purchase of stamps for a business letter. Some examples of written proof are:

- Copies of receipts you give to customers who buy your products
- Receipts or invoices you receive when you buy raw materials, pay artisans, or pay rent and electricity.

# Create and collect written proof of transactions

Every time Margarita sells a piece of jewelry for cash, she writes a receipt. She gives the original or top copy to the customer and keeps the duplicate, the other copy.

While her store is open, Margarita records all the cash that comes into her business through sales this way. Record all the cash that comes into your business through product sales. Do it as soon as the buyer pays, otherwise you may forget the transaction. You may write the receipt on a sheet of paper, but the best type of receipt is one that is pre-printed and consecutively numbered, with duplicates that you can keep. It's even better if you have the name of your business appear on every receipt.

Not all artisan businesses have a retail store. Even if you do not have a physical store, you can still keep receipts from all of your sales, especially sales made during a trade show or market.

When you use money from your cash box for daily expenses, keep the receipts you get for all cash disbursements.

# For example:

- Receipts for buying raw materials
- Payslips for wages and salaries to artisans and other employees
- Invoices or receipts for rent, Internet, and other business expenses
- Transportation to and from the post office
- Shipping charges

If your suppliers do not provide you with a written receipt, you must make it yourself by writing down the details of the transaction to ensure that you will not forget it. EACH TIME YOU SPEND CASH, NOTE:

When did the transaction occur?

.....

Who was involved in the transaction?

.....

What was the transaction about?

How much money was involved?

# Manage the written proof of transactions:

In record keeping, receipts and any other proof of transactions are called **vouchers**. The information to fill in your Basic Record Books comes from all the vouchers you collect.

File all the receipts and notes about the transactions in a safe place, such as a cash box. Receipts should be organized in the order in which the transactions occurred, and filed together.

Give each voucher a number. Write a new number on each voucher. You may start with number one for the first entry of the year and then continue in consecutive order with two, three and four and so on, until the end of the year. You can use any numbering system you like. By numbering your vouchers in this way, it is easy to find a voucher number when you record the information about the transaction in the Basic Record Book.

After you have recorded the information from the voucher into your Basic Record Book, file all vouchers in consecutive number order. By doing it this way, the vouchers are in the same order in the file as they are in your Basic Record Book.

The vouchers are the only proof that your records are correct. If there are mistakes in your record keeping, the vouchers help you to find the mistakes.

# Fill in the Basic Record Book:

At the end of the day, fill in your Basic Record Book by using all the vouchers from that day. In your Basic Record Book, write down:

1. All of the money that came into your business that day and where it came from (mostly sales). Get the amounts and details from:



Copies of the receipts you have written

2. All of the money that went out of your business that day and what it was used for. Your vouchers can be:



Receipts for raw materials



Payslips for artisan workers



Receipts for overhead expenses

3. All of the money that came into or went out of your business' bank account. Get the amounts and details from:



Bank statements



Bank vouchers

Fill in the columns of the Basic Record Book from left to right with information from the voucher you have collected above.

- "Date" column: Write the date of the transaction.
- "Details" column: Describe the transaction, for example, "payment of rent for your premises."
- "Voucher No." column: The voucher number is the number you give each written proof of transaction. Write the number of each transaction in this column.
- "Cash" column: Make a note of all the cash that came in or went out in each transaction. At any given time, the balance column shows the amount of cash you should have in hand.
- "Bank" column: In this column, make a notation of all deposits made or money withdrawn from your bank account. At any given time, the balance column shows the amount of money you have in your account. Only use this column if your business has a bank account.
- "Sales" column: Record all your sales in this column.
- "Material Costs" column: Keep a record of all the money your business spends on raw materials in this column.
- "Artisan Labor Costs" column: Use this column to record all the payments your business makes to artisans who make your goods.
- "Overhead Expenses" column: Write down any cost that has not been covered in the previous columns, including the wages of those who are not involved in producing artisan products, including business staff.
- "VAT" column: If you are a Value Added Tax (VAT) registered business, you are required to collect VAT on your sales. Your sales records must show the amount of VAT charged for each sale. Use the "VAT out" column to record any VAT that you receive from a customer and the "VAT in" column to write the amount of VAT you pay when you purchase raw materials or pay for services. The "VAT balance" column then shows you the amount of VAT you need to pay the government. A negative amount (shown by writing the figures within brackets) means your business owes the government. A positive amount means the government owes your business. You only need to use these columns if your business is a VAT registered enterprise. Remember to exclude the VAT amount from your sales and costs.

For "Balance" columns, whenever there is a transaction that affects a balance, you have to update the corresponding "balance" column. For example, at the beginning of the day, you have \$1,000 in your cash box, so your opening cash balance is \$1,000. When you record a voucher of a \$50 payment made by cash, in addition to writing \$50 in the "Cash out" column, you need to update your "Cash balance" column by writing \$950 (\$1,000 - \$50). When you write the next voucher, a receipt of \$20 from a customer, you write \$20 in the "Cash in" column and then update your "Cash balance" to \$970 (\$950 + \$20).

When you record an amount of money that came into your business, you write it in either the "Cash in" or the "Bank in" column. You also write the amount in the "Sales" column if the money came into the business from sales. Each amount is written down in **two different columns**. Do you know why?

The reason is for control. You need to **control the money** in your business, so you must enter each amount in the "Cash" or "Bank" columns. You need to find out **how your business is performing** and plan for the future, so you must enter each amount in one more column and then you can tell how your business earns and spends money.

Here are some of the transactions that took place at *Beads of Change* in November. Find them recorded in the Basic Record Book on the next page.

On the first day of the month, Nancy entered the balances from her "Cash" and "Bank" columns onto a new page in the Basic Record Book. The balances show how much money *Beads of Change* had in the cash box and in the bank account. The figures he entered were the balances written in those two columns on the final day of the previous month and were **brought forward (B/f)** to the month.

Beads of Change paid \$294 in cash for raw materials. The receipt from the supplier is the voucher, which she numbered "340". Nancy must record the amount in the "Cash out" column, update her "Cash balance," and record the cost in "Materials Costs".

A customer bought one beaded necklace for \$100 in cash on November 10, so Nancy gave the customer a cash receipt and kept a copy for herself. She numbered the receipt "341" at the end of the day, then writes the amounts on the receipt in three columns in the Basic Record Book: "Cash in," "Cash balance," and "Sales".

On November 23, Nancy took money out of the business bank account and put it into the cash box. She wrote her own cash receipt which she numbered "342". She must then write down the amount in both the "Cash in" and "Bank out" columns, and also update the "Cash balance" and "Bank balance" columns.

On November 23, Nancy paid \$310 in artisan wages to two of the artisans working at her business. Each artisan signed a receipt, numbered "343" and "344". She must update the following columns: "Cash out," "Cash balance," and "Artisan Labor Costs".

On November 23, Nancy paid herself her monthly salary and wrote herself a receipt, which she numbered "345". She must write down the amount in three columns, under "Cash out," "Cash balance," and "Overhead Expenses". Because Nancy pays herself a consistent salary, it is an "Overhead Expense," not an "Artisan Labor Cost".

# BASIC RECORD BOOK

Overhead	Expenses							009		009	
Labor	Costs					310	310			620	
Material	Costs		294							294	
20	Sales			100						100	
	BALANCE	2570			570						
Bank	OUT				2000					2000	
	Z									0	
	BALANCE	380	98	186	2186	1876	1566	996			
Cash	OUT		294			310	310	009		1514	
	Z			100	2000					2100	
Voucher	No.		340	341	342	343	344	345			
100	Details	B/f	Raw materials	Sales	Bank to cash box	Artisan Wage	Artisan Wage	Own salary		Total	
100	Date	Nov. 1	Nov. 10	Nov. 10	Nov. 23	Nov. 23	Nov. 23	Nov. 23			

**Keeping Records** 

**A Simple System** 

Review

Margarita's Weaving Workshop is not a VAT registered business. Help Margarita fill in her Basic Record Book using the Basic Record Book form at the end of this manual. Below are some of the transactions that took place at Margarita's Weaving Workshop in December. Finish this exercise before comparing your answers with those on page 42.

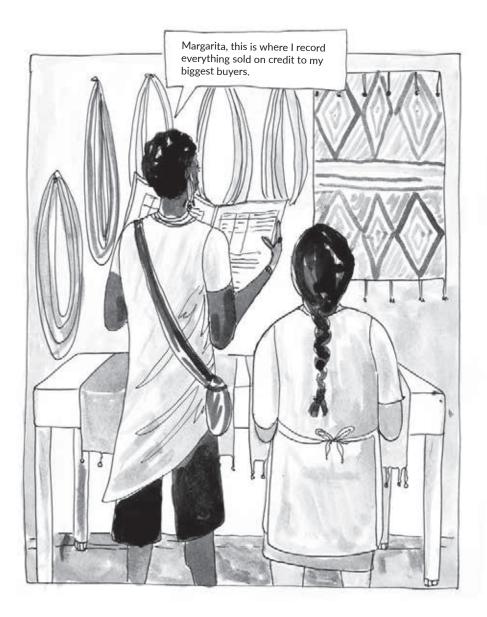
Purchase Receipt Dye Company						
Date	December 5					
Item	Natural dyes					
Quantity	10					
Amount	\$30					

December 10: CASH SALES								
Scarf         50 (quantity)         \$5 (each)         \$250								
Headband	25 (quantity)	\$3 (each)	\$75					
Total	\$325							

# **Activity 4: Customers Accounts Record**

### 

Nancy then showed Margarita how she records transactions and keep receipts when her business sells or buys goods or services on credit.



When you buy or sell goods or services on credit, money will be paid or received later. You must have written proof of everything your business sells on credit and everything it buys on credit.

If you sell on credit, including samples and purchase orders, write everything down on a sheet of paper. Make your own Customers' Accounts Record with one page or section for each customer. You can use either one record book with a page for each customer, or you can use separate pages in a single file. If you only have a few customers who buy a lot, you might wish to use a separate book for each buyer.

Below is an example Customers' Accounts Record of Beads of Change:

# CUSTOMERS' ACCOUNTS RECORD

Buyer: Global Trade Store Address: 100 Main Street

Telephone: 392048

Date	Details	Quantity	Credit sales (\$)	Amount paid (\$)	Balance (\$)	Signature
Oct. 26	Necklaces	8	160		160	Pam
Nov. 3	Bracelets	15	225		385	Pam
Nov. 10	Necklaces	22	440		825	Pam
Nov. 15	Payment			500	325	Nancy

Date: The date the customer buys on credit or pays his or her account.

• Credit sales: The value of the products the customer buys this time.

• Amount paid: The amount the customer pays.

• Balance: The total amount the customer now owes your business.

• The customer's signature: The customer must sign whenever he or she buys products on credit.

• Your signature: You must sign when the customer makes a payment.

Но	w can	a Cu	stom	ers' A	ACCOL	ınts F	Record	d help	your	busir	ness?		
		•••••	•••••	•••••		•••••		•••••			•••••		•••••
•••••													
•••••		•••••		••••••	••••••	•••••	•••••	••••••	•••••			••••••	•••••
•••••													•••••



# A RECORD OF CUSTOMERS' CREDIT HELPS YOU TO:

Know which buyers owe money to your business

.....

Know exactly how much money each customer owes

.....

Identify those customers who do not pay their account on time

.....

Avoid disagreements with customers

# Why should I keep a record of my customers' credit?

When a credit customer makes a payment to his or her account, write the amount of the payment in the Customers' Accounts Record. If this payment is made by cash, it is cash coming into the business from sales, so the amount must also be written down in a receipt. Give the receipt to the customer. The copy of the receipt is the proof that you received cash from the credit customer. If this payment is made through a bank transfer, you will have the proof in your bank statement.

If you buy raw materials, equipment, or other goods or services on credit, keep the invoices and delivery notes. It is a good idea to keep them in a file. You can call the file "Unpaid Suppliers' Invoices".

About Record Keeping Keeping Records A Simple System Review Useful Words & Forms

# **Activity 5:** How to keep your records?

### 

# Paper based method

This refers to the use of paper books to keep business records. You can either use the Basic Record Book, or by an accounting book or any other suitable book that allows you to draw the same columns as in the Basic Record Book. The paper based method works well if your business is small and simple and requires just a few record books. One problem with paper books is that a page may fill up before the end of the month. What should you do if this happens?

If a page is full, you should add up the columns and carry the totals and balances to the next page. Carrying the totals and balances to the next page is called balances brought forward. You should write B/f in the "Details" column.

# Computer method

Another way to keep records is by using a computer. If your business requires using several record books, a computer can simplify and improve your record keeping. The advantages of this method are:

- It is easy to correct an inaccurate entry
- You can guickly find recorded information when needed
- All calculations are made automatically

You can use Excel worksheets for keeping records. By using Excel worksheets, you are able to fill in the record books the same way you do with a paper book, except that all calculations are easier.

Which method of record keeping would you like to use for your business?

# A SIMPLE RECORD KEEPING SYSTEM

# SUMMARY

### .....

Record keeping provides you with information about your business. Depending on the demands of your business, you may want to keep more than just basic records.

# Below are the basic records that most businesses keep:

- Sales
- Costs
- Cash transactions
- Details of debtors

### Some additional records that small business owners may wish to keep are:

- Bank transactions
- Assets
- Salaries
- Inventory
- Loans
- Agreements with buyers

The Basic Record Book is a tool that supports your record keeping. The Basic Record Book is where you write down all the money that came into the business and all the money that went out of the business. Fill in your Basic Record Book at the end of each day. To do that, you need proof of every transaction. Write down each cash transaction. Keep the receipts and other vouchers for all cash going in and out of your business for your records. In case your suppliers do not provide you with written proof, you must write down all details yourself.

Fill in your Basic Record Book from left to right with the information from the vouchers: date, details, voucher number, and amount. The amounts from each voucher are often written down in two different columns. The vouchers should then be kept in a safe place for later reference.

When you sell on credit, write everything down on a sheet of paper. You can use a Customers' Accounts Record to keep track of all buyers.

Records can be kept using the paper based method or the computer based method.

About Record Keeping Keeping Records A Simple System Review Useful Words & Forms

# A SIMPLE RECORD KEEPING SYSTEM

# **ASSESSMENT**

### 

You have just completed Chapter 3 of this manual. Do the two exercises below to check your understanding. Finish the exercises before comparing your answers with those on page 42.

# 1. Practice your business language

Some words are missing from this story. Complete each sentence by choosing the right word from the list below. Write the correct word in each space next to the number in brackets.

Credit Overhead Expenses

Receipt Material Costs Customers' Accounts Record

When customers pay in cash, write down the amount of the sale and hand them a

Tara is the owner of Tara Leather. She decided to go on holiday for a month. Before she left, she showed her assistant Uma how to keep records for the business.

	(1) Do it immediately. If you wait, you may forget.						
Uma:	If a customer buys on credit, should I record that sale in the same place?						
Tara:	No, because a credit sale does not mean cash in for that day. Instead you must write down the details of the credit sale in the (2)						
Uma:	Should I ask the vocational school to pay cash for their orders?						
Tara:	No, I agreed to let them buy on (3) because they are good customers. They buy a lot from us and they always pay at the end of each month.						
Uma:	The supplier will deliver our order of raw materials when you are away. Where should I write that down						
Tara:	Pay the supplier with cash and keep the receipt he gives you as proof of payment. When you fill in the Basic Record Book that evening, you must write the amount in two places, first under "Cash out" and then under (4)						

Uma: When I pay myself at the end of the month, I must enter the amount in the Basic Record Book under

"Cash out" and in one other column. Should I write it under "Artisan Labor Costs"?

Tara:	No! Your salary is an (5)	_ for my business. That is the other column where
	you must write down the amount.	

### 

# 2. Which one is correct?

Circle the correct or best ending for each sentence.

- 1. For accurate business records, you must write down...
  - a. cash sales and cash purchases only
  - b. all the money coming in and going out
  - c. credit sales and purchases only
- 2. You deposit some money from your cash box into your business bank account. At the end of the day, you enter the amount in your Basic Record Book under...
  - a. "Bank in" and "Cash out"
  - b. "Bank in" and "Sales"
  - c. "Bank in" and no other entry
- 3. A voucher is...
  - a. a simple way of calculating profit
  - b. a way of always writing the amount in two different columns in your Basic Record Book
  - c. a receipt or any other proof of transaction
- 4. It is important to keep a Customers' Accounts Record because it helps you to know...
  - a. how much money you spend on materials
  - b. how much money a certain customer owes your business
  - c. how much money you owe your suppliers





### REVIEW

#### **Activity 1:** Can You Help?

.....

#### Sara's Threads and the Basic Record Book

Sara, the owner of Sara's Threads, started to keep proper business records.

1. Help Sara to finish her Basic Record Book for February, which she has started on the next page.

Record the following transactions on the empty lines:

- On February 20, Sara's Threads paid \$340 in cash for embroidery thread and other raw materials.
- On February 22, Sara takes \$500 out of the business bank account and puts the money in her cash box.
- On February 22, Sara pays Aisha, an artisan worker, \$100 in cash for finishing 10 embroidered pieces.
- On February 22, Sara pays herself a monthly salary of \$400 in cash.
- On February 25, Sara's Threads receives \$370 is from sales.
- On February 26, Sara pays \$590 for new tools. She pays for the tools with a check.
- On February 27, she receives \$520 is from sales.
- On February 28, Sara's Threads receives a loan of \$2,000, which is deposited in her business bank account on the same day.
- 2. Add up the sales receipts and total cash spent for the month.

Write all amounts in the Basic Record Book. Make sure that you also have the cash and bank account balances.

3.	How much money did Sara's Threads have in the cash box and in the bank account at the beginning of the month?
4.	Where does Sara get the figures from?
5.	How much money did Sara have in the cash box at the end of the day on February 22?
6.	What cash voucher number does Sara write on her sales receipt on February 25?

7. What will the balances be for cash in hand and in the bank account on the first day of next month?

Sara's Threads

### BASIC RECORD BOOK

														95
Overhead	Expenses						15							
Labor	Costs													
Material Costs					640									
Sales			410	445		390		480						
	BALANCE	2,100												
Bank	OUT													
	Z													
	BALANCE	130	540	985	345	735	720	1,200						
Cash	OUT				640		15							
	Z		410	445		390		480						
Voucher	No.		23	24	25	26	27	28						
100	Details	B/f	Sales	Sales	Raw materials	Sales	Shipping	Sales					Total	
100	Date	Feb. 1	Feb. 2	Feb. 7	Feb. 11	Feb. 13	Feb. 15	Feb. 18						

About Record Keeping Keeping Records A Simple System Review Useful Words & Forms

#### Credit sales at Felted Jewelers

Felted Jewelers makes bracelets, necklaces, and other jewelry made of felt. One of their main buyers in Cole's Department Store. Felted Jewelers allows Cole's to make purchase orders for bracelets and necklaces, where they pay for part of the order when it is made, and the other part of the order after it is delivered.

Here are the business transactions between Felted Jewelers and Cole's for the month of April. Use this information to fill in the Customers' Accounts Record on the next page.

Then answer the questions that follow.

April 3, 2016	Cole's Department Store makes an order for 200 bracelets and 100 necklaces from Felted Jewelers. Felted Jewelers charges \$4 for each bracelet, and \$6 for each necklace. When they made the order, Cole's paid half of the total amount due. (This transaction is already filled in for you.)
April 15, 2016	Felted Jewelers ships the 200 bracelets and 100 necklaces to Cole's without collecting any payment.
April 17, 2016	Cole's orders 100 more necklaces and pays \$240 up front.
April 23, 2016	Cole's pays Felted Jewelers an additional \$700 for the order made on April 3, 2016.
April 30, 2016	Felted Jewelers ships 100 necklaces to Cole's and Cole's pays the remaining balance.



# CUSTOMERS' ACCOUNTS RECORD

Customer	: Cole's Department Store					
Address:	17 North 12th Street, USA					
Telephon	e: 32967					
Date	Details	Quantity	Credit sales (\$)	Amount paid (\$)	Balance (\$)	Signature
April 3, 2016	Felted bracelets (\$4 x 200 = \$800)	200				
	Felted necklaces (\$6 x 100 = \$600)	100	\$1,400	700	700	Cole's
				1	1	I.
After you h	ave filled in the record accord	ing to the infor	mation on the	previous page	, please answ	er these questions
1. How m	nuch does Cole's Department	Store owe Fe	ted Jewelers?	?		
	a. At the end of April 3, 2 b. At the end of April 17, b. At the end of the mon	2016:				
	end of the month, the people ink it is a good idea to contin leas.		-			
•••••						

About Record Keeping Keeping Records A Simple System Review Useful Words & Forms

#### **REVIEW**

### **ANSWERS**

#### .....

#### Chapter 2: Keeping Business Records

1. False

2. True

3. False

4. True

5. False

#### Chapter 3: A Simple Record Keeping System

#### **Activity 1**

(1) Receipt

(2) Customers' Accounts Record

(4) Material Costs

(5) Overhead Expense

(3) Credit

#### **Activity 2**

1. b

2. a

3. c

4. b

	MARGARITA'S BASIC RECORD BOOK												
Date Details Voucher Cash Bank Sales											Overhead		
Date	Details	No.	IN	OUT	BALANCE	IN	OUT	BALANCE	Sales	Costs	Expenses		
Dec. 1	Sales	1	1,200		1,200				1,200				
Dec. 5	Natural dyes	2		30	1,170					30			
Dec. 10 Sales 3 325 1,495 325											- -		

#### Chapter 4: Review

#### Sara's Threads and the Basic Record Book

#### 1. & 2.

Sarah's Threads' complete Basic Record Book sheet for February should look like the Basic Record Book shown on the next page.

- 3. \$130 in the cash box and \$2,100 in the bank account.
- 4. Sara gets the amounts from the balance columns for cash and the bank statement on February 1, 2016.
- 5. \$860. This amount is the cash balance after the last entry on February 22.
- 6. Voucher number 33.
- 7. \$1,750 in the cash box and \$3,010 in the bank account.

Sara's Threads

### BASIC RECORD BOOK

																		45
Overhead	Expenses						15					400					415	
Labor	Costs										100						100	
Material Costs					640				340					590			1,570	
	Sales		410	445		390		480					370		520		2,615	
	BALANCE	2,100								1600				1010		3010		
Bank	DUT									500				590			1,090	
	Z															2000	2,000	
	BALANCE	130	540	985	345	735	720	1,200	860	1360	1260	860	1230		1750			
Cash	DUT				640		15		340		100	400					1,495	
	Z		410	445		390		480		500			370		520		3,115	
Voucher	Ö		23	24	25	26	27	28	29	30	31	32	33	34	35	36		
:	Details	B/f	Sales	Sales	Raw materials	Sales	Shipping	Sales	Supplies	Bank to cash box	Wages Aisha	Salary self	Sales	Bought goods	Sales	Loan from bank	Total	
	Date	Feb. 1	Feb. 2	Feb. 7	Feb. 11	Feb. 13	Feb. 15	Feb. 18	Feb. 20	Feb. 22	Feb. 22	Feb. 22	Feb. 25	Feb. 26	Feb. 27	Feb. 28		

#### Credit sales at Felted Jewelers

- 1.
- a. On April 17, the balance column shows that Cole's owed Felted Jewelers \$1060 b. At the end of the month, Cole's owes Felted Jewelers \$0
- 2. It is a good idea for Felted Jewelers to continue accepting orders from Cole's Department Store in the future, because Cole's:
- Places regular orders
- Makes large orders each time
- Pays a large amount when they place each order
- Pays the full amount due at the end of the month

# CUSTOMERS' ACCOUNTS RECORD

Felted	,
Felted J	ewelers

April 3, 2016	Felted bracelets (\$4 x 200 = \$800)	200				Cole's
	Felted necklaces (\$6 x 100 = \$600)	100	\$1,400	\$700	\$700	Jewelers
April 17, 2016	Felted necklaces (\$6 x 100 = \$600)	100	\$600	\$240	\$1060	Cole's, Jewelers
April 23, 2016	Payment			\$700	\$360	Jewelers
April 30, 2016	Payment			\$360	0	Jewelers





# USEFUL BUSINESS WORDS

**Keeping Records** 

#### 

Key Word	Definition
Assets	The items the business owns that are valuable, such as cash or equipment
Asset Register	A book used to write down the information about all the assets your business owns, including the purchase price, the yearly depreciation, the remaining value and the total amount of time to be used.
Balance Sheet	A Summary of your business' assets and liabilities, showing the financial position of your business.
Basic Record Book	A book used to record all the money that came into the business and all the money that went out of the business.
Creditors' Record	A book used to record all the amounts of money your business owes to others.
Credit sales	The seller agrees to delay the payment. When you sell goods or services on credit, your customers do not have to pay immediately. For example, if you give a customer 30 days credit, you allow him or her to delay payment until either 30 days after the date of the transaction, or for multiple transactions, 30 days from the date that you send them an invoice.
Customers' Account Record	A book wherein you note all items or services your business sells to customers on credit.
Daily Cash Sales Record	A daily sheet wherein you list all inexpensive and frequently purchased items that your business sells for cash, along with the unit price of each item. A Daily Cash Sales Record is most useful for businesses that sell many inexpensive products.
Depreciation	The value of equipment or machines owned by the company that decreases over time.
Detailed Cost Record	A book used to record the details of the amount spent on the production of each good or service.
Gross Profit	The amount of money left after you have subtracted the Material Costs and Labor Costs from the money received from sales.
Income Tax	Tax that a registered business has to pay once it makes a profit. The tax is based on a percentage of the company's profit. That percentage is designated by the country's government and the amount varies from country to country.
Inventory Record	A book used to record the information about the value of the company's stock.

Key Word	Definition
Liabilities	Something or some amount of money that your business owes to someone else, such as a loan or an unpaid bill.
Loans Record	A book to keep track of all the loans your business has made.
Loss	The amount of money a business loses. You show a loss when the amount of money that went out of the business for costs is greater than the amount that came into the business from sales.
Net Profit	The amount of money left after you have subtracted all Overhead Expenses from the Gross Profit.
Profit	The amount of money a money earns. You make a profit when the amount of money that comes into the business from sales is higher than the amount of money that goes out of the business for costs. Profit is often divided into Gross Profit and Net Profit.
Profit and Loss Statement	A calculation of the amount of profit or loss your business made during a specific period of time, usually for a month, six months or a year.
Receipt	Written proof that money was received in payment for goods or services.
Salary Register	A book to record all of the company's information regarding labor costs and salaries.
Tax Record	A book to keep track of taxes your business needs to pay the government.
VAT	Tax that is paid for the sale of goods. Your business pays VAT on goods or services that you buy from suppliers. When you sell your products, you collect VAT on behalf of the government.
Voucher	Receipt or other written proof of a transaction. The information on the voucher should be transposed into a Basic Record Book daily.



# RECORD KEEPING FORMS

#### 

## In this part you will find:

- Basic Record Book: A book used to record all the money that came into the business and all the money that went out of the business.
- Customers' Accounts Record: A book wherein you note all items or services your business sells to customers on credit.



### BASIC RECORD BOOK

	BALANCE									
VAT	OUT									
	Z									
Overhead	Expenses									
Labor	Costs									
Material	Costs									
100	Sales									
	BALANCE									
Bank	TUO									
	N									
	BALANCE									
Cash	TUO									
	N									
Voucher	No.									
::	Details									
-	Date									

# CUSTOMERS' ACCOUNTS RECORD

Custome	r:												
Address:													
Telephone:													
Date	Details	Quantity	Credit sales (\$)	Amount paid (\$)	Balance (\$)	Signature							

# ARTISAN BUSINESS COACHING

The Artisan Business Coaching program was developed by the Alliance for Artisan Enterprise in response to the need for tailored business skills training for artisan businesses around the world.

The Artisan Business Coaching program includes 7 manuals:

Record Keeping
Business Planning
Costing, coming 2018
Pricing, coming 2018
Product Development, coming 2019
Marketing, coming 2019
Branding, coming 2019

These manuals have been adapted from the International Labor Office (ILO) Start and Improve your Business Program (SIYB), the largest global business management training program with a focus on starting and improving businesses as a strategy for creating more and better employment for women and men. The program builds on 25 years of experience working in 100 countries, partnering with 2500 local institutions, 200 Master Trainers and a network of over 17,000 Trainers.

Responsibility for the views and opinions expressed in the adaptation rests solely with the Alliance for Artisan Enterprise and are not endorsed by the ILO. Adaptations not endorsed by the SME Unit of the ILO cannot use the SIYB brand name and logo.

The photos used in this manual were provided by the following members of the Alliance for Artisan Enterprise:

Thread Caravan (cover)
Gahaya Links
Heshima Kenya
TO THE MARKET
Kandahar Treasure
Laboratorio Giuditta Brozzetti
Indego Africa
Center for Traditional Textiles of Cusco
Turquoise Mountain
Road to Market
Ripple Effect Images

All illustrations done by Marcella Kriebel Art & Illustration

